

**CENTER FOR ALCOHOL &  
DRUG SERVICES, INC.**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTAL INFORMATION  
(With Independent Auditor's Report Thereon)**

**June 30, 2007 and 2006**

**CENTER FOR ALCOHOL & DRUG SERVICES, INC.**  
**Table of Contents**

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	3
FINANCIAL STATEMENTS:	
Statements of Financial Position	4
Statements of Activities	5 - 6
Statements of Functional Expenses	7 - 8
Statements of Cash Flows	9
Notes to Financial Statements	10 - 16
SUPPLEMENTAL INFORMATION:	
Schedule of Functional Expenses - Outpatient Programs	18
Schedule of Functional Expenses - Residential Programs	19
STATE OF IOWA SUPPLEMENTAL INFORMATION:	
Schedule of Revenue and Expenses by Contract	20
SINGLE AUDIT SECTION:	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	22 - 23
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	24 - 25
Schedule of Expenditures of Federal Awards	26
Schedule of Findings and Questioned Costs	27
Summary Schedule of Prior Year Findings and Questioned Costs	28

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Center for Alcohol & Drug Services, Inc.

We have audited the accompanying statements of financial position of Center for Alcohol & Drug Services, Inc. (an Iowa nonprofit organization also registered to do business in Illinois) as of June 30, 2007 and 2006, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Center for Alcohol & Drug Services, Inc. as of June 30, 2007 and 2006, and the changes in its net assets, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 7, 2007 on our consideration of Center for Alcohol & Drug Services, Inc.'s internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Center for Alcohol & Drug Services, Inc. taken as a whole. The supplemental information presented on pages 18 through 20 is for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards on page 26 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements referred to above and, in our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Doyle & Keenan, P.C.*

September 7, 2007

**CENTER FOR ALCOHOL & DRUG SERVICES, INC.**  
**Statements of Financial Position**  
**June 30, 2007 and 2006**

<u>Assets</u>	<u>2007</u>	<u>2006</u>
Current Assets:		
Cash and Cash Equivalents	\$ 368,299	\$ 799,513
Investments	1,626,065	1,136,804
Accounts Receivable - Public Support	279,638	272,159
Accounts Receivable - Client Fees	201,301	168,422
Allowance for Uncollectible Accounts and Contractual Adjustments	(49,933)	(49,933)
Unconditional Promises to Give	108,276	102,783
Inventory	3,422	3,309
Prepaid Expenses	44,599	51,265
Total Current Assets	<u>2,581,667</u>	<u>2,484,322</u>
Fixed Assets:		
Land	211,340	137,575
Building and Improvements	2,894,819	2,795,883
Equipment and Vehicles	480,987	516,196
Total Fixed Assets	3,587,146	3,449,654
Less Accumulated Depreciation	<u>1,937,381</u>	<u>1,833,853</u>
Net Fixed Assets	<u>1,649,765</u>	<u>1,615,801</u>
Total Assets	\$ <u>4,231,432</u>	\$ <u>4,100,123</u>
<u>Liabilities and Net Assets</u>		
Current Liabilities:		
Current Maturities of Long-Term Debt	\$ 1,042	\$ 45,332
Accounts Payable and Accrued Expenses	<u>475,027</u>	<u>482,547</u>
Total Current Liabilities	476,069	527,879
Long-Term Debt, Less Current Maturities	<u>-</u>	<u>21,128</u>
Total Liabilities	<u>476,069</u>	<u>549,007</u>
Net Assets:		
Unrestricted:		
Undesignated	501,549	380,294
Undesignated - Investment in Fixed Assets	1,649,765	1,615,801
Designated for Capital Improvements	<u>1,495,773</u>	<u>1,452,238</u>
Total Unrestricted Net Assets	3,647,087	3,448,333
Temporarily Restricted	<u>108,276</u>	<u>102,783</u>
Total Net Assets	<u>3,755,363</u>	<u>3,551,116</u>
Total Liabilities and Net Assets	\$ <u>4,231,432</u>	\$ <u>4,100,123</u>

The accompanying notes are an integral part of the financial statements.

**CENTER FOR ALCOHOL & DRUG SERVICES, INC.**

**Statement of Activities**

**For the Year Ended June 30, 2007**

	<u>Unrestricted Net Assets</u>	<u>Temporarily Restricted Net Assets</u>	<u>Total</u>
Public Support and Revenue:			
Public Support:			
Illinois Department of Human Services -			
Division of Alcoholism and Substance Abuse	\$ 721,944	\$ -	\$ 721,944
Iowa Department of Public Health -			
Division of Substance Abuse	2,290,519	-	2,290,519
United Way	1,621	108,276	109,897
Rock Island County	60,650	-	60,650
Scott County	474,836	-	474,836
County Commitments	49,153	-	49,153
Seventh Judicial District	97,987	-	97,987
U.S. Probation	79,130	-	79,130
Contributions	3,056	-	3,056
Net Assets Released from Restrictions	<u>102,783</u>	<u>(102,783)</u>	<u>-</u>
 Total Public Support	 <u>3,881,679</u>	 <u>5,493</u>	 <u>3,887,172</u>
 Revenue:			
Client Fees	211,835	-	211,835
Client Fees - Insurance	635,207	-	635,207
Contractual Fees and Other Payments	976,193	-	976,193
Rental Income	6,000	-	6,000
Interest and Dividends	84,880	-	84,880
Realized (Loss) on Sale of Investments	(31,951)	-	(31,951)
Unrealized Gain (Loss) on Investments	<u>110,402</u>	<u>-</u>	<u>110,402</u>
 Total Revenue	 <u>1,992,566</u>	 <u>-</u>	 <u>1,992,566</u>
 Total Public Support and Revenue	 <u>5,874,245</u>	 <u>5,493</u>	 <u>5,879,738</u>
 Expenses:			
Program Services:			
Outpatient	2,137,643	-	2,137,643
Residential	1,846,747	-	1,846,747
Detoxification	400,533	-	400,533
Prevention	<u>505,793</u>	<u>-</u>	<u>505,793</u>
 Total Program Services	 4,890,716	 -	 4,890,716
 Supporting Services:			
Fundraising	1,183	-	1,183
Management and General	<u>783,592</u>	<u>-</u>	<u>783,592</u>
 Total Expenses	 <u>5,675,491</u>	 <u>-</u>	 <u>5,675,491</u>
 Change in Net Assets	 198,754	 5,493	 204,247
 Net Assets - Beginning	 <u>3,448,333</u>	 <u>102,783</u>	 <u>3,551,116</u>
 Net Assets - Ending	 <u>\$ 3,647,087</u>	 <u>\$ 108,276</u>	 <u>\$ 3,755,363</u>

The accompanying notes are an integral part of the financial statements.

**CENTER FOR ALCOHOL & DRUG SERVICES, INC.**

**Statement of Activities**

**For the Year Ended June 30, 2006**

	<u>Unrestricted Net Assets</u>	<u>Temporarily Restricted Net Assets</u>	<u>Total</u>
Public Support and Revenue:			
Public Support:			
Illinois Department of Human Services -			
Division of Alcoholism and Substance Abuse	\$ 691,885	\$ -	\$ 691,885
Iowa Department of Public Health -			
Division of Substance Abuse	2,234,355	-	2,234,355
United Way	2,726	102,783	105,509
Rock Island County	58,260	-	58,260
Scott County	431,219	-	431,219
County Commitments	43,879	-	43,879
Seventh Judicial District	99,620	-	99,620
U.S. Probation	64,887	-	64,887
Contributions	5,628	-	5,628
Net Assets Released from Restrictions	<u>102,400</u>	<u>(102,400)</u>	<u>-</u>
 Total Public Support	 <u>3,734,859</u>	 <u>383</u>	 <u>3,735,242</u>
 Revenue:			
Client Fees	242,942	-	242,942
Client Fees - Insurance	560,746	-	560,746
Contractual Fees and Other Payments	1,045,917	-	1,045,917
Rental Income	8,400	-	8,400
Interest and Dividends	92,106	-	92,106
Realized (Loss) on Investments	(31,205)	-	(31,205)
Unrealized (Loss) on Investments	<u>(6,756)</u>	<u>-</u>	<u>(6,756)</u>
 Total Revenue	 <u>1,912,150</u>	 <u>-</u>	 <u>1,912,150</u>
 Total Public Support and Revenue	 <u>5,647,009</u>	 <u>383</u>	 <u>5,647,392</u>
 Expenses:			
Program Services:			
Outpatient	2,154,955	-	2,154,955
Residential	1,739,319	-	1,739,319
Detoxification	360,943	-	360,943
Prevention	<u>589,839</u>	<u>-</u>	<u>589,839</u>
 Total Program Services	 4,845,056	 -	 4,845,056
 Supporting Services:			
Fundraising	1,514	-	1,514
Management and General	<u>916,247</u>	<u>-</u>	<u>916,247</u>
 Total Expenses	 <u>5,762,817</u>	 <u>-</u>	 <u>5,762,817</u>
 Change in Net Assets	 (115,808)	 383	 (115,425)
 Net Assets - Beginning	 <u>3,564,141</u>	 <u>102,400</u>	 <u>3,666,541</u>
 Net Assets - Ending	 <u>\$ 3,448,333</u>	 <u>\$ 102,783</u>	 <u>\$ 3,551,116</u>

The accompanying notes are an integral part of the financial statements.

**CENTER FOR ALCOHOL & DRUG SERVICES, INC.**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2007**

	Outpatient	Residential	Detoxification	Prevention	Total Program Services	Fundraising	Management and General	Total All Funds
Salaries	\$ 1,426,294	\$ 1,081,566	\$ 203,563	\$ 315,900	\$ 3,027,323	\$ 480	\$ 405,140	\$ 3,432,943
Worker's Compensation	9,109	5,951	824	2,730	18,614	-	2,872	21,486
Employee Benefits:								
Health Insurance	168,939	130,059	44,213	28,988	372,199	-	87,151	459,350
Retirement	35,521	20,665	5,903	8,277	70,366	-	22,864	93,230
Other	627	568	411	77	1,683	-	15,831	17,514
Payroll Taxes:								
Social Security	102,688	77,382	14,342	22,943	217,355	-	29,616	246,971
Unemployment	2,786	3,783	536	-	7,105	-	-	7,105
Professional Fees:								
Accounting/Legal	-	-	-	-	-	-	22,481	22,481
Laboratory/Urinalysis	34,012	6,154	710	-	40,876	-	-	40,876
Contract Services	31,557	81,298	12,423	2,175	127,453	-	10,786	138,239
Medical Consultants	43,415	95,042	23,632	983	163,072	-	-	163,072
Supplies:								
Office, Outside Printing	10,635	7,571	1,816	2,532	22,554	703	17,436	40,693
Medical	27,829	14,719	4,489	146	47,183	-	166	47,349
Education, Recreation and Crafts	399	2,040	-	22,871	25,310	-	-	25,310
Food and Beverage	2,419	92,467	27,215	412	122,513	-	1,289	123,802
Housekeeping and Laundry	8,309	18,558	5,104	2,532	34,503	-	4,935	39,438
Telephone	36,730	11,486	2,501	8,043	58,760	-	15,910	74,670
Postage and Shipping	2,537	164	-	658	3,359	-	12,497	15,856
Advertising	1,266	915	119	2,667	4,967	-	2,355	7,322
Occupancy:								
Rent	-	-	-	23,254	23,254	-	-	23,254
Utilities	28,103	27,686	8,270	8,001	72,060	-	7,262	79,322
Maintenance	28,900	45,853	13,985	6,874	95,612	-	6,326	101,938
Insurance	4,567	3,199	926	36	8,728	-	1,467	10,195
Transportation:								
Mileage	11,581	2,213	163	6,246	20,203	-	4,282	24,485
Vehicle Costs	14,764	38,164	9,539	10,634	73,101	-	24,231	97,332
Auto Insurance	3,258	5,436	1,137	1,628	11,459	-	3,317	14,776
Conferences and Training	8,699	1,859	333	1,460	12,351	-	10,053	22,404
Subscriptions and References	13,027	11,709	2,364	6,800	33,900	-	11,008	44,908
Special Assistance	9,402	577	106	-	10,085	-	458	10,543
General Liability Insurance	3,270	3,106	749	599	7,724	-	19,755	27,479
Recruiting	1,575	9,586	2,390	610	14,161	-	1,345	15,506
Equipment Rental	10,698	6,596	2,125	4,116	23,535	-	3,977	27,512
Interest	-	60	18	-	78	-	2,093	2,171
Subcontracts	-	-	-	11,531	11,531	-	-	11,531
Depreciation	54,727	40,315	10,627	2,070	107,739	-	36,689	144,428
Total Functional Expenses	\$ 2,137,643	\$ 1,846,747	\$ 400,533	\$ 505,793	\$ 4,890,716	\$ 1,183	\$ 783,592	\$ 5,675,491

The accompanying notes are an integral part of the financial statements.

CENTER FOR ALCOHOL & DRUG SERVICES, INC.  
Statement of Functional Expenses  
For the Year Ended June 30, 2006

	Outpatient	Residential	Detoxification	Prevention	Total Program Services	Fundraising	Management and General	Total All Funds
Salaries	\$ 1,369,713	\$ 1,024,860	\$ 188,826	\$ 362,838	\$ 2,946,237	\$ 708	\$ 509,283	\$ 3,456,228
Worker's Compensation	12,946	9,153	1,334	3,854	27,287	-	4,249	31,536
Employee Benefits:								
Health Insurance	199,070	109,069	35,126	41,168	384,433	-	81,699	466,132
Retirement	35,376	20,514	4,904	9,895	70,689	-	20,929	91,618
Other	126	286	258	13	683	-	13,386	14,069
Payroll Taxes:								
Social Security	98,496	73,175	14,254	26,355	212,280	-	36,365	248,645
Unemployment	1,561	1,561	-	-	3,122	-	7,038	10,160
Professional Fees:								
Accounting/Legal	-	-	-	-	-	-	20,984	20,984
Laboratory/Urinalysis	34,060	5,385	1,415	12	40,872	-	-	40,872
Contract Services	54,765	64,331	3,725	2,137	124,958	-	15,221	140,179
Medical Consultants	56,086	92,992	19,032	1,910	170,020	-	1,426	171,446
Supplies:								
Office, Outside Printing	10,267	4,758	937	2,561	18,523	806	29,161	48,490
Building	-	15	5	-	20	-	-	20
Medical	30,408	13,549	3,680	11	47,648	-	272	47,920
Education, Recreation and Crafts	227	2,051	3	3,856	6,137	-	(8)	6,129
Food and Beverage	2,914	97,463	28,769	648	129,794	-	1,205	130,999
Housekeeping and Laundry	7,161	19,671	5,789	2,031	34,652	-	3,825	38,477
Telephone	35,746	11,607	2,581	7,541	57,475	-	16,271	73,746
Postage and Shipping	3,053	157	-	1,013	4,223	-	9,717	13,940
Advertising	2,643	1,099	143	5,301	9,186	-	4,901	14,087
Occupancy:								
Rent	-	-	-	23,337	23,337	-	-	23,337
Utilities	30,559	32,014	9,563	7,896	80,032	-	7,518	87,550
Maintenance	25,212	42,382	13,641	3,248	84,483	-	6,812	91,295
Insurance	3,427	2,426	702	228	6,783	-	1,245	8,028
Transportation:								
Mileage	10,668	2,535	305	7,516	21,024	-	3,236	24,260
Vehicle Costs	20,795	30,794	7,856	9,729	69,174	-	21,343	90,517
Auto Insurance	2,876	4,760	993	1,438	10,067	-	2,877	12,944
Conferences and Training	7,430	1,558	158	7,646	16,792	-	10,059	26,851
Subscriptions and References	17,677	6,009	982	7,294	31,962	-	10,928	42,890
Special Assistance	10,516	1,904	486	-	12,906	-	350	13,256
General Liability Insurance	3,181	3,205	772	618	7,776	-	16,964	24,740
Recruiting	4,119	9,329	2,069	404	15,921	-	655	16,576
Equipment Rental	12,454	6,120	2,269	4,122	24,965	-	5,607	30,572
Interest	-	128	38	-	166	-	4,092	4,258
Subcontracts	51,423	44,459	-	43,084	138,966	-	-	138,966
Depreciation	-	-	10,328	2,135	12,463	-	48,637	61,100
Total Functional Expenses	\$ 2,154,955	\$ 1,739,319	\$ 360,943	\$ 589,839	\$ 4,845,056	\$ 1,514	\$ 916,247	\$ 5,762,817

The accompanying notes are an integral part of the financial statements.



**CENTER FOR ALCOHOL & DRUG SERVICES, INC.**

**Statements of Cash Flows**

**For the Years Ended June 30, 2007 and 2006**

	<u>2007</u>	<u>2006</u>
Cash Flows From Operating Activities:		
Change in Net Assets	\$ 204,247	\$ (115,425)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation	144,428	156,982
Loss on Sale of Fixed Assets	-	58
Realized Loss on Sale of Investments	31,951	31,205
Unrealized (Gain) Loss on Investments	(110,402)	6,756
(Increase) Decrease in:		
Accounts Receivable - Public Support	(7,479)	93,889
Accounts Receivable - Client Fees	(32,879)	14,345
Unconditional Promises to Give	(5,493)	(383)
Inventory	(113)	2,343
Prepaid Expenses	6,666	(20,830)
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	<u>(7,520)</u>	<u>(8,489)</u>
Net Cash Provided by Operating Activities	<u>223,406</u>	<u>160,451</u>
Cash Flows From Investing Activities:		
Purchase of Fixed Assets	(178,392)	(56,600)
Purchase of Investments	(342,752)	(291,846)
Transfer of Cash to Investments	(350,000)	-
Proceeds from Sale of Investments	<u>281,942</u>	<u>222,506</u>
Net Cash (Used in) Investing Activities	<u>(589,202)</u>	<u>(125,940)</u>
Cash Flows From Financing Activities:		
Principal Payments on Long-Term Debt	<u>(65,418)</u>	<u>(43,244)</u>
Net (Decrease) in Cash and Cash Equivalents	(431,214)	(8,733)
Cash and Cash Equivalents - Beginning	<u>799,513</u>	<u>808,246</u>
Cash and Cash Equivalents - Ending	\$ <u><u>368,299</u></u>	\$ <u><u>799,513</u></u>
Supplemental Cash Flow Information:		
Interest Paid	\$ <u><u>2,171</u></u>	\$ <u><u>4,258</u></u>

The accompanying notes are an integral part of the financial statements.

**CENTER FOR ALCOHOL & DRUG SERVICES, INC.**  
**Notes to Financial Statements**  
**June 30, 2007**

**NOTE 1 - NATURE OF THE ORGANIZATION, ACCOUNTING ESTIMATES, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of the Organization**

Center for Alcohol & Drug Services, Inc. is a non-profit corporation offering programs focused on the reduction and/or elimination of alcohol and other drug abuse. Prevention, assessment, treatment and referral services are offered to residents of the Iowa and Illinois bi-state area and are funded publicly and through client fees based on ability to pay. Services available through Center for Alcohol & Drug Services, Inc. are:

Assessment/Evaluation Services: The use of alcohol and other drugs can be divided into several categories: experimentation, use, misuse, abuse and dependency. The purpose of the Center's Central Assessment Service is to evaluate an individual's pattern of use and determine his/her particular needs for treatment.

The diverse needs of the individual, and his/her family, are served by providing a broad continuum of care designed to meet those needs. Other community resources are also utilized and referrals may result from initial contact, or later in the treatment process, when the individual appears to need services other than those provided by the Center.

Detoxification Services: Individuals displaying symptoms of intoxication withdrawal and/or physical dependence or relapse behavior may require detoxification services. Twenty-four hour medically supervised care including assessment and referral is offered as well as outpatient detoxification of opiate addicted individuals.

Outpatient Services: Treatment on an outpatient basis is appropriate for those individuals who are able to function within the community while receiving counseling and support to overcome their abuse or dependence on alcohol and/or drugs. The Center offers structured individualized programs to both adolescents and adults. The Rock Island Office programs treat alcohol and poly-drug abusers, along with programs for opiate addicts that include the use of methadone.

Residential Services: Services are appropriate for individuals with difficulty functioning in the community as a result of their abuse or dependence on alcohol and/or other drugs and who require daily structure, support and supervision during all or part of the treatment. The program is based on the Family Disease model designed to treat acute aspects of chemical dependency. Length of stay is determined by the individual needs of the client, with services available in Iowa and Illinois.

NOTE 1 - NATURE OF THE ORGANIZATION, ACCOUNTING ESTIMATES, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Halfway House: Offers a substance free structured environment that provides adult clients with a supportive atmosphere and clinical services as they integrate into the community and pursue work or educational goals.

Education and Prevention Services: The prevention of alcohol and/or other drug abuse is recognized as the most effective means of reducing or eliminating the human and material costs associated with chemical dependency. The Center provides prevention services to individuals and groups in the Quad Cities in an effort to prevent the abuse of alcohol and other drugs while improving the quality of life. Prevention services offered through the Center include: informational programs on substance abuse; education in strategies to help prevent substance abuse; in-service training for educators; and early intervention programs.

Continuing Care: Support groups that assist individuals and significant others develop a strong support system and engagement with the community through the application of skills and insights gained during the treatment process. This is offered to both adults and adolescents.

Adolescent Aftercare/Outreach: Program targeted to high-risk youth to offer ongoing support and substance-free alternative activities. It is primarily geared toward minority youth that may otherwise not avail themselves of the human services system.

Significant Other Programs: The Center views chemical dependency as a disease that not only affects the dependent's life, but also the lives of those who care. Treatment will therefore be more successful if significant others are involved in the recovery process. Significant other programs are designed to provide participants with a forum for learning more about the disease and successful recovery.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of public support, revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1 - NATURE OF THE ORGANIZATION, ACCOUNTING ESTIMATES, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Summary of Significant Accounting Policies

Basis of Presentation - Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Center is required to report information regarding its financial position and activities according to three classes of net assets depending on the existence and/or nature of any donor restrictions. A description of the three net asset categories follows:

Unrestricted - Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board, and accordingly includes Board designated endowment and other funds.

Temporarily Restricted - Net assets whose use is subject to donor-imposed restrictions that can be fulfilled by actions of the Center pursuant to those restrictions or that expire by the passage of time, such as campaign pledges receivable. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted - Net assets subject to donor-imposed restrictions that they be maintained permanently. Generally, the donors of these assets permit the Center to use all or part of the income from these assets. Center for Alcohol & Drug Services, Inc. has no permanently restricted net assets.

Under SFAS No. 117, expenses are generally reported as a decrease in unrestricted net assets. Expirations of donor-imposed restrictions that simultaneously increase one class of net assets and decrease another are reported as reclassifications between the applicable classes or net assets.

Cash and Cash Equivalents - For purposes of reporting cash flows, the Center includes all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments to be cash equivalents.

Client Receivables and Revenue - Client receivables and client service revenue are recorded net of discounts and allowances. Discounts and allowances consist of (1) client service fees which are not reimbursed by third-party payers, (2) reductions in client service fees because of the client's inability to pay, and (3) provision for bad debts.

Inventory - Inventory is valued at the lower of cost (first in, first out method) or market.

NOTE 1 - NATURE OF THE ORGANIZATION, ACCOUNTING ESTIMATES, AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fixed Assets - Fixed Assets are recorded at cost or fair market value at the time such items were purchased or donated to the Center. Depreciation is computed by the straight-line method over the assets estimated useful lives ranging from 5 to 39 years.

Income Taxes - The Center for Alcohol & Drug Services, Inc., is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law, and contributions to it are tax deductible within the limitations prescribed by the Code. The Center has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Internal Revenue Code.

Functional Expenses - The Center allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases.

NOTE 2 - ACCOUNTS RECEIVABLE - CLIENT FEES

Client fee receivables totaled \$201,301 and \$168,422 at June 30, 2007 and 2006, respectively. The balance consists of contractual fee arrangements, third-party receivables (insurance and Medicaid), and client fees. The Center has provided for an allowance of uncollectible amounts and contractual adjustments of \$49,933 at June 30, 2007 and 2006.

NOTE 3 - FIXED ASSETS

A summary of changes in Fixed Assets for the year ended June 30, 2007, is as follows:

	Balance June 30, 2006	Additions	Disposals	Balance June 30, 2007
Land	\$ 137,575	\$ 73,765	\$ -	\$ 211,340
Buildings & Improvements	2,795,883	98,936	-	2,894,819
Equipment & Vehicles	516,196	5,691	40,900	480,987
Total	3,449,654	178,392	40,900	3,587,146
Accumulated Depreciation	1,833,853	144,428	40,900	1,937,381
Net Fixed Assets	\$ 1,615,801	\$ 33,964	\$ -	\$ 1,649,765

NOTE 4 - INVESTMENTS

Investments are valued at fair market value, as summarized in the following schedule of investments. Realized gains or losses are determined on the specific identification method and are reflected in revenue. Cost includes the amounts of reinvested dividends and distributions from mutual funds.

	<u>Cost Basis</u>	<u>Market Value</u>	<u>Unrealized Gain/(Loss)</u>
Corporate Fixed Income	\$ 1,034,458	\$ 1,064,376	\$ 29,918
Money Market Funds	170,551	170,551	-
Equity Mutual Funds	<u>350,646</u>	<u>391,138</u>	<u>40,492</u>
June 30, 2007	\$ <u>1,555,655</u>	\$ <u>1,626,065</u>	\$ <u>70,410</u>
June 30, 2006	\$ <u>1,176,796</u>	\$ <u>1,136,804</u>	\$ <u>(39,992)</u>

The Organization had realized (losses) of \$ (31,951) and \$ (31,205) for the years ending June 30, 2007 and 2006, respectively.

NOTE 5 - LONG-TERM DEBT

Long-Term Debt as of June 30, 2007, consisted of the following:

	<u>Total</u>	<u>Due within One Year</u>
Note Payable - Equipment Manufacturer		
Original amount of \$11,861. Interest		
rate of 2.9%, due in monthly installments of		
\$262 including interest, balance due		
October 1, 2007; secured by equipment.	\$ <u>1,042</u>	\$ <u>1,042</u>

NOTE 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts Payable and Accrued Expenses consist of the following:

	<u>2007</u>	<u>2006</u>
Accounts Payable	\$ 80,109	\$ 49,259
Accrued Expenses	119,122	118,599
Accrued Vacation	201,542	191,880
Accrued Payroll	<u>74,254</u>	<u>122,809</u>
Total	\$ <u>475,027</u>	\$ <u>482,547</u>

NOTE 7 - PENSION PLAN

The Center has adopted a 403(b) Thrift Plan that requires a 3% employer contribution for those employees meeting the eligibility requirements. Eligible employees who make voluntary contributions, which are tax sheltered, will have an additional employer contribution of 25% of the first 6% of salary that they contribute. Employees can contribute even if they are not eligible for the employer contribution. Pension expense totaled \$93,230 and \$91,618 for the years ended June 30, 2007 and 2006, respectively.

NOTE 8 - LEASES

Various vehicles, facility and office equipment are leased under noncancelable operating leases with terms ranging from one to five years. Future minimum lease payments at June 30, 2007, are as follows:

Ending June 30,

2008	\$	54,805
2009		35,668
2010		<u>23,395</u>
Total	\$	<u>113,868</u>

NOTE 9 - CONCENTRATION OF CREDIT RISK

The Center maintains its primary cash in bank deposit accounts at two financial institutions located in the Quad Cities. Deposits may, at times, exceed the amount insured by the Federal Deposit Insurance Corporation (FDIC) of up to \$100,000 per financial institution. Management believes that credit risk related to these deposits is minimal.

NOTE 10 - SIGNIFICANT SOURCES OF SUPPORT

Funding from grants and programs through the Iowa Department of Public Health and the Illinois Department of Human Services provide approximately 52% of the public support and revenue for the Center.

NOTE 11 - TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2007 and 2006, temporarily restricted net assets were available for the following purposes:

	<u>2007</u>	<u>2006</u>
United Way of the Quad Cities – Fiscal Year 2008 and 2007 Allocation	\$ <u>108,276</u>	\$ <u>102,783</u>

NOTE 12 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of time or other events specified by donors during the fiscal year ended June 30, 2007 and 2006. During the fiscal year ended June 30, 2007 and 2006, net assets released from restrictions consisted of the following:

	<u>2007</u>	<u>2006</u>
United Way of the Quad Cities – Fiscal Year 2007 and 2006	\$ <u>102,783</u>	\$ <u>102,400</u>

NOTE 13 - NET ASSETS DESIGNATED FOR CAPITAL IMPROVEMENTS

The Center has designated \$1,495,773 for future capital improvements as of June 30, 2007. Planned improvements include technology and building upgrades.

NOTE 14 - RELATED PARTY TRANSACTIONS

The Center has a contract with a Healthcare System to provide substance abuse services. Several Board members of the Center are employees of the Healthcare System. The Center receives revenue through a program management agreement that consists of two year terms renewable through June 30, 2010. For the years ended June 30, 2007 and 2006 the Center recognized revenue of \$692,114 and \$691,609, respectively. The Center also pays the Healthcare System for rent and psychiatric services for clients. For the years ended June 30, 2007 and 2006 the Center paid \$55,570 and \$52,682, respectively.

NOTE 15 - SUBSEQUENT EVENT

On August 17, 2007, the Center purchased a building for \$275,000 subject to a mortgage which will include planned improvements.



## **SUPPLEMENTAL INFORMATION**

**CENTER FOR ALCOHOL & DRUG SERVICES, INC.**  
**Schedule of Functional Expenses - Outpatient Programs**  
**For the Year Ended June 30, 2007**

	Davenport Outpatient	Rock Island Outpatient/ Methadone	Genesis	Adolescent Treatment	Jail Based	Total
Salaries	\$ 597,039	\$ 372,810	\$ 131,618	\$ 167,390	\$ 157,437	\$ 1,426,294
Worker's Compensation	2,943	2,545	1,065	1,917	639	9,109
Employee Benefits:						
Health Insurance	90,305	30,316	10,825	37,642	(149)	168,939
Retirement	15,477	8,007	4,320	4,047	3,670	35,521
Other	167	128	64	-	268	627
Payroll Taxes:						
Social Security	42,345	27,186	9,639	12,171	11,347	102,688
Unemployment	-	2,786	-	-	-	2,786
Professional Fees:						
Laboratory/Urinalysis	8,850	21,508	-	3,654	-	34,012
Contract Services	9,769	10,981	2,682	2,227	5,898	31,557
Medical Consultants	-	24,404	-	3,120	15,891	43,415
Supplies:						
Office, Outside Printing	3,229	3,951	400	1,227	1,828	10,635
Medical	397	27,432	-	-	-	27,829
Education, Recreation and Crafts	-	-	-	399	-	399
Food and Beverage	1,437	744	-	197	41	2,419
Housekeeping and Laundry	3,136	3,342	-	1,712	119	8,309
Telephone	12,331	8,644	-	9,481	6,274	36,730
Postage and Shipping	46	2,150	3	275	63	2,537
Advertising	272	517	-	477	-	1,266
Occupancy:						
Utilities	8,069	10,550	-	9,484	-	28,103
Maintenance	9,820	9,222	-	9,773	85	28,900
Insurance	1,639	1,057	-	1,806	65	4,567
Transportation:						
Mileage	4,790	3,390	19	1,192	2,190	11,581
Vehicle Costs	6,259	32	-	8,393	80	14,764
Auto Insurance	1,629	-	-	1,629	-	3,258
Conferences and Training	3,763	3,583	160	497	696	8,699
Subscriptions and References	3,933	3,658	640	1,148	3,648	13,027
Special Assistance	8,516	155	206	-	525	9,402
General Liability Insurance	1,558	856	-	856	-	3,270
Recruiting	713	600	149	13	100	1,575
Equipment Rental	5,299	3,758	-	1,641	-	10,698
Depreciation	16,059	23,940	-	13,709	1,019	54,727
Total	\$ <u>859,790</u>	\$ <u>608,252</u>	\$ <u>161,790</u>	\$ <u>296,077</u>	\$ <u>211,734</u>	\$ <u>2,137,643</u>

See accompanying independent auditor's report.

**CENTER FOR ALCOHOL & DRUG SERVICES, INC.**  
**Schedule of Functional Expenses - Residential Programs**  
**For the Year Ended June 30, 2007**

	<u>S.T.A.R.T.</u>	<u>Adult Halfway House</u>	<u>Circle of Hope</u>	<u>Genesis</u>	<u>Total</u>
Salaries	\$ 431,933	\$ 248,783	\$ 269,233	\$ 131,617	\$ 1,081,566
Worker's Compensation	1,719	1,039	2,129	1,064	5,951
Employee Benefits:					
Health Insurance	69,993	(11,842)	61,084	10,824	130,059
Retirement	9,393	1,073	5,879	4,320	20,665
Other	314	190	-	64	568
Payroll Taxes:					
Social Security	30,919	17,789	19,035	9,639	77,382
Unemployment	1,119	676	1,988	-	3,783
Professional Fees:					
Laboratory/Urinalysis	1,838	1,838	2,478	-	6,154
Contract Services	14,249	9,131	55,236	2,682	81,298
Medical Consultants	54,140	17,058	23,844	-	95,042
Supplies:					
Office, Outside Printing	3,643	2,126	1,402	400	7,571
Medical	8,433	5,095	1,191	-	14,719
Education, Recreation and Crafts	-	-	2,040	-	2,040
Food and Beverage	56,796	34,314	1,357	-	92,467
Housekeeping and Laundry	10,653	6,436	1,469	-	18,558
Telephone	5,221	3,154	3,111	-	11,486
Postage and Shipping	-	-	162	2	164
Advertising	248	150	517	-	915
Occupancy:					
Utilities	17,259	10,427	-	-	27,686
Maintenance	28,410	17,164	279	-	45,853
Insurance	1,934	1,168	97	-	3,199
Transportation:					
Mileage	365	206	1,623	19	2,213
Vehicle Costs	19,907	12,027	6,230	-	38,164
Auto Insurance	2,374	1,434	1,628	-	5,436
Conferences and Training	694	420	585	160	1,859
Subscriptions and References	4,214	2,752	4,103	640	11,709
Special Assistance	233	138	-	206	577
General Liability Insurance	1,562	944	600	-	3,106
Recruiting	4,987	3,013	1,438	148	9,586
Equipment Rental	2,308	1,379	2,909	-	6,596
Interest	37	23	-	-	60
Depreciation	21,496	12,987	5,832	-	40,315
Total	\$ <u>806,391</u>	\$ <u>401,092</u>	\$ <u>477,479</u>	\$ <u>161,785</u>	\$ <u>1,846,747</u>

See accompanying independent auditor's report.

**CENTER FOR ALCOHOL & DRUG SERVICES, INC.**  
**Schedule of Revenue and Expenses by Contract**  
**Iowa Department of Public Health - Division of Substance Abuse Contracts**  
**For the Year Ended June 30, 2007**

	Total	Comprehensive Prevention Contract # 5887CP11	Drug and Violence # 5887DV05	Iowa Plan	Metham- phetamine Funding	Women and Children	Methadone Treatment Contract # 5887MT02
<b>Revenue:</b>							
IDPH - Contractual	\$ 2,053,381	\$ 159,326	\$ 55,000	\$ 1,569,728	\$ 30,237	\$ 135,198	\$ 103,892
<b>Expenses:</b>							
Salaries and Benefits	1,531,435	159,026	44,000	1,160,111	30,237	81,923	56,138
Professional Fees:							
Laboratory/Urinalysis	15,115	-	-	12,394	-	-	2,721
Contract Services	39,306	-	11,000	26,917	-	-	1,389
Medical Consultants	80,145	-	-	55,741	-	-	24,404
Supplies:							
Office, Outside Printing	8,544	300	-	7,045	-	699	500
Building	-	-	-	-	-	-	-
Medical	38,409	-	-	10,962	-	15	27,432
Education, Recreation and Crafts	117	-	-	117	-	-	-
Food and Beverage	73,228	-	-	73,134	-	-	94
Housekeeping and Laundry	16,837	-	-	16,266	-	148	423
Telephone	19,029	-	-	17,607	-	329	1,093
Postage and Shipping	2,005	-	-	366	-	1,367	272
Advertising	770	-	-	677	-	28	65
Occupancy:							
Utilities	32,847	-	-	30,687	-	825	1,335
Maintenance	49,144	-	-	43,596	-	4,381	1,167
Insurance	4,376	-	-	4,071	-	171	134
Transportation:							
Mileage	5,437	-	-	3,071	-	1,937	429
Vehicle Costs	33,882	-	-	27,977	-	5,901	4
Auto Insurance	5,120	-	-	3,491	-	1,629	-
Conferences and Training	4,720	-	-	3,251	-	1,016	453
Subscriptions and References	9,464	-	-	8,655	-	346	463
Special Assistance	8,271	-	-	1,409	-	6,842	20
General Liability Insurance	3,621	-	-	3,058	-	455	108
Recruiting	6,973	-	-	6,835	-	62	76
Equipment Rental	7,967	-	-	6,980	-	512	475
Interest	47	-	-	47	-	-	-
Depreciation	48,298	-	-	43,518	-	1,752	3,028
Indirect Expenses:							
Salaries and Benefits	11,034	-	-	-	-	11,034	-
<b>Total Expenses</b>	<b>2,056,141</b>	<b>159,326</b>	<b>55,000</b>	<b>1,567,983</b>	<b>30,237</b>	<b>121,372</b>	<b>122,223</b>
Revenues Over (Under) Expenses	\$ (2,760)	\$ -	\$ -	\$ 1,745	\$ -	\$ 13,826	\$ (18,331)

See accompanying independent auditor's report.

## **SINGLE AUDIT SECTION**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Center for Alcohol & Drug Services, Inc.  
Davenport, Iowa

We have audited the financial statements of Center for Alcohol & Drug Services, Inc. as of and for the year ended June 30, 2007, and have issued our report thereon dated September 7, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Center for Alcohol & Drug Services, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center for Alcohol & Drug Services, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Center for Alcohol & Drug Services, Inc.'s internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Center for Alcohol & Drug Services, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Center for Alcohol & Drug Services, Inc. in a separate letter dated September 7, 2007.

This report is intended solely for the information and use of Board of Directors, management, others within the center and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*Doyle & Keenan, P.C.*

September 7, 2007

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors  
Center for Alcohol & Drug Services, Inc.  
Davenport, Iowa

Compliance

We have audited the compliance of Center for Alcohol & Drug Services, Inc. with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. Center for Alcohol & Drug Services, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Center for Alcohol & Drug Services, Inc.'s management. Our responsibility is to express an opinion on Center for Alcohol & Drug Services, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Center for Alcohol & Drug Services, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Center for Alcohol & Drug Services, Inc.'s compliance with those requirements.

In our opinion, Center for Alcohol & Drug Services, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of Center for Alcohol & Drug Services, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Center for Alcohol & Drug Services, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but, not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Center for Alcohol & Drug Services, Inc.'s internal control over compliance.



A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of noncompliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by any entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the use of the Board of Directors, management, others within the center and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Doyle & Keenan, P. C.*

September 7, 2007

**CENTER FOR ALCOHOL & DRUG SERVICES, INC.**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2007**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Grant Number	Program Award Amount	Revenues/ Receipts	Expenditures
<b>Major Program Substance Abuse Prevention Treatment Block Grant:</b>					
<u>Pass-Through from the State of Illinois</u>					
U.S. Department of Health and Human Services					
Illinois Department of Human Services - Office of Alcoholism and Substance Abuse	93.959	40C7001093	\$ 225,414	\$ 225,414	\$ 225,414
Substance Abuse Prevention Treatment Block Grant - Major Program*					
<u>Pass-Through from the State of Iowa</u>					
U.S. Department of Health and Human Services					
Iowa Department of Public Health					
Substance Abuse Prevention Treatment Block Grant - Major Program*					
Comprehensive Prevention	93.959	5887CP11	150,236	150,236	150,236
Methadone Treatment	93.959	5887MT02	115,277	103,892	103,892
Iowa Managed Substance Abuse Care Plan	93.959		477,197	477,197	477,197
Women and Children Program	93.959		135,198	135,198	135,198
Subtotal Major Program Substance Abuse Prevention Treatment Block Grant			1,103,322	1,091,937	1,091,937
<u>Pass-Through from the State of Iowa</u>					
U.S. Department of Health and Human Services					
Iowa Department of Public Health					
Jail Based Assessment and Treatment Project	16.580		203,504	236,638	236,638
U.S. Department of Education					
Safe and Drug-Free Schools - Department of Education - Drug and Violence	84.186	5887DV05	55,000	55,000	55,000
<b>Total Federal Awards</b>			\$ 1,361,826	\$ 1,383,575	\$ 1,383,575
Non-cash assistance - None					
Loans or loan guarantees outstanding - None					
Payments to subrecipients - None					

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Center for Alcohol & Drug Services, Inc., and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

The agency has insurance policies in force covering commercial and general liability, property, professional liability, electronic data processing, crime coverage, business auto, worker's compensation, commercial umbrella liability, and directors and officers liability. Insurance binders are available from the agency upon request.

\* Denotes Major Program

See accompanying independent auditor's report.

**Center for Alcohol & Drug Services, Inc.  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2007**

**I. SUMMARY OF AUDITOR'S RESULTS**

***Financial Statements***

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? ☐ Yes ☒ No

Significant deficiencies identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

***Federal Awards***

Internal control over major programs:

Material weaknesses identified? ☐ Yes ☒ No

Significant deficiencies identified that are not considered to be material weaknesses? ☐ Yes ☒ None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? ☐ Yes ☒ No

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.959	U.S. Department of Health and Human Services Block Grant
16.580	U.S. Department of Health and Human Services Jail Based Assessment and Treatment Project

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as a low-risk auditee? ☒ Yes ☐ No

**II. FINANCIAL STATEMENT FINDINGS**

None.

**III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

**Center for Alcohol & Drug Services, Inc.**  
**Summary Schedule of Prior Year Findings and Questioned Costs**  
**For the Year Ended June 30, 2007**

The prior year single audit disclosed no findings in the Schedule of Findings and Questioned Costs and no uncorrected or unresolved findings exist from the prior audit's Summary of Prior Audit Findings.